

FY 2015 State Gaming Revenues

State gaming revenues include State wagering taxes as well as various license and regulatory fees that are remitted to the State. This report does not include wagering taxes that are paid directly to cities and counties.

Revenue collections from Iowa's 18 gaming establishments totaled \$313.9 million in FY 2015, an increase of \$5.3 million (1.7%) compared to revenue collections in FY 2014. The biggest share of the gaming revenues comes from the State Wagering Taxes imposed on table games and slot machines. The overall growth was driven by an increase in the State wagering tax, which experienced growth of \$5.3 million (1.9%) in FY 2015 compared to the previous year. The increase in wagering taxes corresponds to an overall increase in admissions of 729,000 (3.5%) recorded in FY 2015, as well as a 1.9% increase (\$27.3 million) in total adjusted gross revenues.

State Revenue from Iowa Casinos							
(Dollars in Millions)							
	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2015 vs FY 2014 Dollar Change	FY 2015 vs FY 2014 Percent Change
Wagering Taxes	\$ 276.5	\$ 294.7	\$ 290.5	\$ 282.5	\$ 287.8	\$ 5.3	1.9%
Other Receipts							
Enforcement and Regulatory Fees							
Public Safety - DCI	10.6	11.4	12.0	9.7	10.8	1.1	11.2%
Racing and Gaming Commission	5.6	5.8	6.1	6.1	6.1	0.0	-0.8%
Parimutuel Receipts	3.7	3.8	3.8	3.8	3.7	-0.1	-2.6%
New Facility License Fees	1.0	1.0	5.0	6.0	5.0	-1.0	-16.7%
Other	0.4	0.4	0.4	0.4	0.5	0.0	7.6%
Subtotal Other Receipts	21.4	22.5	27.3	26.1	26.1	0.0	-0.1%
Total	\$ 297.8	\$ 317.2	\$ 317.8	\$ 308.6	\$ 313.9	\$ 5.3	1.7%
Numbers may not equal totals due to rounding.							

All other revenues remitted to the State by the gaming industry, when combined, remained relatively status quo. Of the other revenue sources, reimbursements to the Department of Public Safety for enforcement-related costs totaled \$10.8 million, an increase of \$1.1 million compared to the amount collected in FY 2014. While the overall cost of providing enforcement did not change significantly in FY 2015, billings in FY 2014 were less than the amount needed for the Gaming Enforcement Revolving Fund. In FY 2014, the Department was able to use a balance carryforward of \$2.8 million from FY 2013 to cover a portion of the expenses, allowing the Department to reduce its billings to the industry. The \$10.8 million received in FY 2015 is more reflective of the actual annual enforcement cost.

The State also receives payments from casinos that have been issued licenses by the Racing and Gaming Commission to operate gaming establishments in Iowa. Iowa statute requires a newly licensed operator to pay a one-time license fee and allows the fee to be paid in equal installments over a five-year period. The amount of the fee varies based on the size of the county where the casino is located. In FY 2015, there were two licensed operators that paid a total of \$5.0 million to the State. These include Sioux City Entertainment, LLC (Hard Rock Hotel and Casino) located in Sioux County and Wild Rose Jefferson, LLC (Wild Rose Casino and Resort) located in Greene County. In FY 2015, Sioux City Entertainment made a \$4.0 million payment, the third installment of a \$20.0 million license fee, and Wild Rose Jefferson, LLC paid \$1.0 million, the second installment of a \$5.0 million fee. In FY 2014, there were three operators that paid a total of \$6.0 million in license fees that included the final \$1.0 million payment from the Grand Falls Resort casino in Lyon County.

More Information

Iowa General Assembly: <http://www.legis.iowa.gov/index.aspx>

Iowa Racing and Gaming Commission: <http://www.state.ia.us/irgc/>

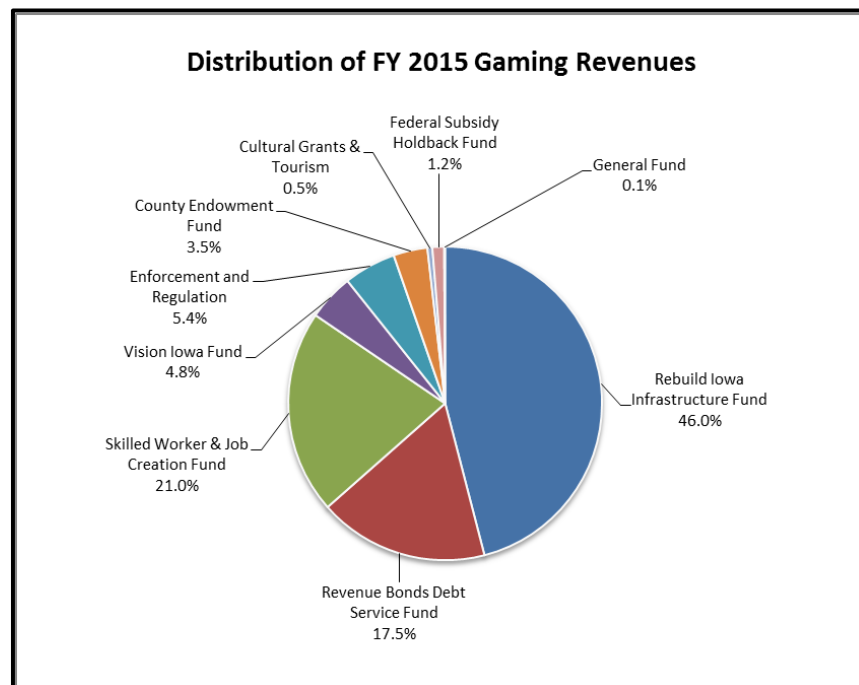
LSA Staff Contact: Dave Reynolds (515-281-6934) dave.reynolds@legis.iowa.gov

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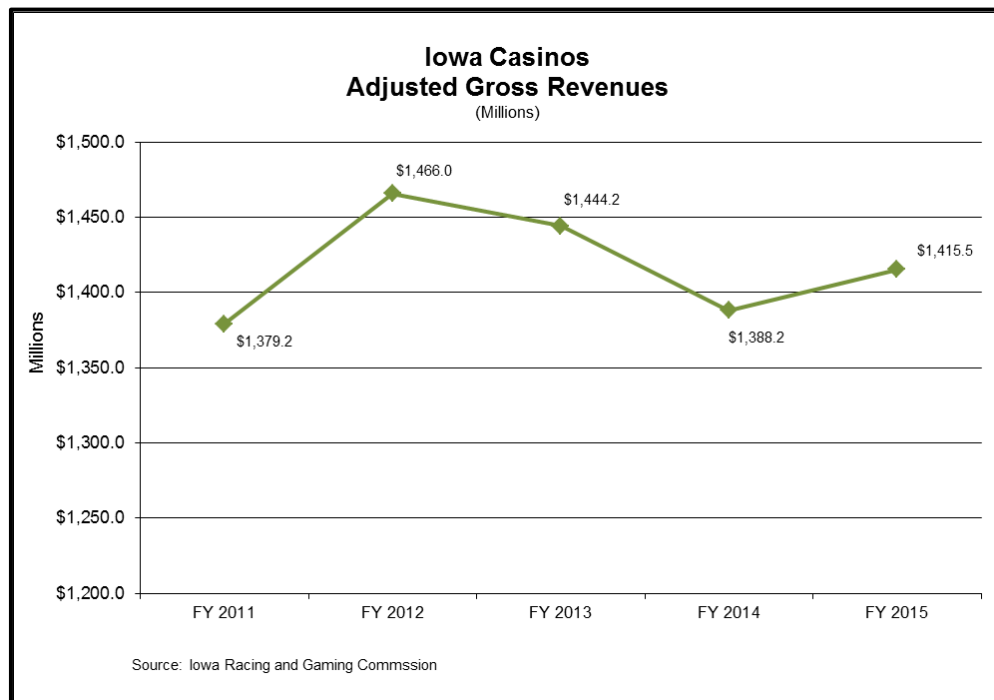
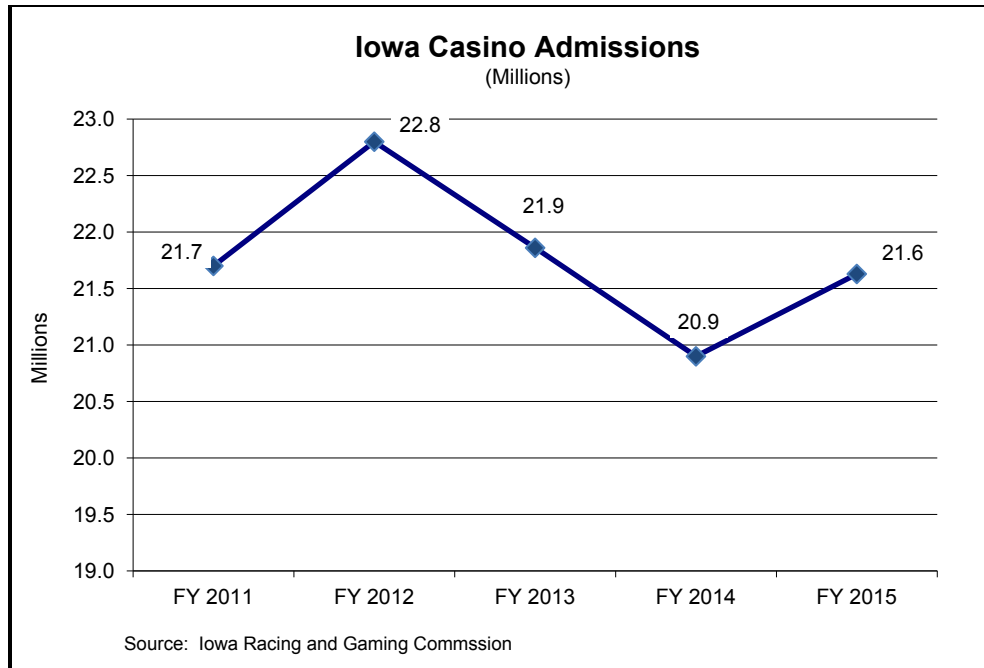
The majority of the gaming revenues collected by the State are distributed in a specified order to individual funds in accordance with Iowa Code section 8.57(5). These revenues include the wagering taxes collected on gambling games and horse and dog racing, as well as certain license fees. Of the total \$313.9 million of revenue collected in FY 2015, \$284.0 million was allocated according to Iowa Code section 8.57(5). The General Assembly and Governor periodically alter this distribution of gaming revenue based on spending priorities as part of the annual budget process. The following table shows the distribution of the \$284.0 million to the various funds and the order that the funds are distributed according to statute. The remaining \$29.9 million collected in FY 2015 includes fees for enforcement and regulatory costs, the County Endowment Fund, and a tax for funding cultural grants and tourism. An explanation of the individual funds and accounts is provided at the end of this report.

Distribution of State Gaming Revenue							
(Dollars in Millions)							
	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2015 vs FY 2014	
						Dollar Change	Percent Change
Distribution of Revenue in accordance with 8.57(5)							
Revenue Bonds Debt Service Fund	\$ 55.0	\$ 55.0	\$ 55.0	\$ 55.0	\$ 55.0	\$ 0.0	0.0%
Federal Subsidy Holdback Fund	3.8	3.8	3.8	3.8	3.8	0.0	0.0%
General Fund	66.0	66.0	40.0	0.0	0.0	0.0	—
Vision Iowa Fund	15.0	15.0	15.0	15.0	15.0	0.0	0.0%
School Infrastructure Fund	5.0	5.0	5.0	5.0	0.0	-5.0	-100.0%
Iowa Skilled Worker and Job Creation Fund	0.0	0.0	0.0	66.0	66.0	0.0	0.0%
Technology Reinvestment Fund	0.0	0.0	20.0	0.0	0.0	0.0	—
Rebuild Iowa Infrastructure Fund	125.9	140.9	146.9	135.3	144.3	9.0	6.6%
Subtotal	270.7	285.7	285.6	280.0	284.0	4.0	1.4%
Other Revenues							
Gaming Enforcement Revolving Fund	10.6	11.4	12.0	9.7	10.8	1.1	11.3%
Gaming Regulatory Revolving Fund	0.0	5.8	6.1	6.1	6.1	0.0	-0.6%
County Endowment Fund	10.5	11.2	11.1	10.8	11.0	0.2	2.1%
Cultural Grants, Tourism, Tax Credits	2.6	2.8	2.8	1.6	1.6	0.0	1.9%
General Fund - Other	3.4	0.2	0.2	0.2	0.3	0.0	20.5%
Subtotal	27.2	31.5	32.2	28.5	29.9	1.4	4.8%
Total	\$ 297.8	\$ 317.2	\$ 317.8	\$ 308.6	\$ 313.9	\$ 5.3	1.7%

Numbers may not equal totals due to rounding.



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Iowa Code Section 8.57(5) — Distribution of Revenue

- **Revenue Bonds Debt Service Fund:** \$55.0 million is allocated to pay the debt service on bonds that were issued in July 2009 to fund a variety of infrastructure and environmental projects, as well as the I-JOBS Program.
- **Federal Subsidy Holdback Fund:** \$3.8 million is allocated to a new Revenue Bonds Federal Subsidy Holdback Fund to ensure that the debt service is covered in the event the federal subsidy for the Build America Bonds (part of the 2009 revenue bond issuance) is not received. Once the Treasurer of State receives the federal subsidy, the \$3.8 million is transferred to the Rebuild Iowa Infrastructure Fund (RIIF).
- **General Fund:** Prior to FY 2014, the Iowa Code directed a total of \$66.0 million to the General Fund in two separate installments: \$1.3 million after the Revenue Bonds Debt Service Fund and Federal Subsidy Holdback Fund receive the first \$58.8 million, and another \$64.7 million after the Vision Iowa Fund and School Infrastructure Fund receive allocations totaling \$20.0 million. For FY 2013, the General Assembly directed \$20.0 million of the General Fund allocation to the Technology Reinvestment Fund and \$6.0 million to the RIIF, leaving the remaining \$40.0 million in the General Fund.
- **Vision Iowa Fund:** \$15.0 million is allocated to pay the debt service on bonds issued for the Vision Iowa Program. The Program is used to assist communities in the development of major tourism facilities by providing grants, loans, forgivable loans, pledges, and guarantees.
- **School Infrastructure Fund:** \$5.0 million was allocated to pay the debt service on bonds issued for the School Infrastructure Program. This Program provided financial assistance to school districts for infrastructure projects. The last year of this allocation was FY 2014 as the School Infrastructure Bonds were defeased in November 2013.
- **Iowa Skilled Worker and Job Creation Fund:** Beginning in FY 2014, \$66.0 million is allocated to the Skilled Worker and Job Creation Fund in place of the \$66.0 million allocation previously made to the General Fund. The funds are appropriated annually by the General Assembly to fund a variety of job creation programs.
- **Technology Reinvestment Fund:** This Fund is used for costs associated with the acquisition of computer hardware and software, software development, telecommunications equipment, and maintenance and lease agreements associated with technology components. The General Assembly appropriates \$17.5 million annually from the General Fund to the Technology Reinvestment Fund, although multiple sources have been used over the past several years in lieu of the General Fund appropriation. For FY 2013, the General Assembly provided a one-time allocation of \$20.0 million to this Fund from the State wagering tax and reduced the allocation to the General Fund by a like amount.
- **Rebuild Iowa Infrastructure Fund (RIIF):** The RIIF receives the revenue remaining after the above allocations have been made. The RIIF is used for funding a variety of vertical infrastructure and environment programs and projects.

Other Revenue

- **Gaming Enforcement Revolving Fund:** The fees that are assessed to the casinos for enforcement purposes are deposited in this Fund. Enforcement of Iowa gaming laws is provided by the Division of Criminal Investigation in the Department of Public Safety.
- **Gaming Regulatory Revolving Fund:** The fees that are assessed to the casinos for the State's cost of regulation are deposited in this Fund. Regulation of the gaming industry is provided by the State Racing and Gaming Commission.
- **County Endowment Fund:** An amount equal to 0.8% of the adjusted gross revenues is allocated to this Fund. The funds are transferred equally to counties that do not have a licensed casino for funding charitable organizations.
- **Cultural Grants, Tourism, and Tax Credits:** An amount equal to 0.2% of the adjusted gross revenues is allocated to the Department of Cultural Affairs for cultural grants and operations, and to the Department of Economic Development for tourism marketing.
- **General Fund – Other Fees:** This includes annual license fees charged to manufacturers and distributors of gambling games and devices, and the annual license fees for casinos to operate gambling games.